

Q.P. Code: 00003832

[Time:2.30 Hrs.]

[Marks:75]

Please check whether you have got the right question paper.

- N.B:
1. All question are compulsory.
 2. Figures to the right indicate full marks.
 3. Working note should form part of main answer
 4. Use of simple calculators is allowed

Q. 1. A. Select the most appropriate alternatives (**Attempt any 8 out of 10**) 08

1. Total cost + Profit = _____.
 a. Selling price b. Cost of goods sold
 c. Selling and distribution overheads d. Gross Profit
2. Abnormal Gain is equal to _____.
 a. Actual Output – Normal Output b. Normal Output – Actual Output
 c. Actual Output – Input d. Input – Actual Output
3. The sale value of scrap is always _____ than its cost of production.
 a. More b. Nominal c. Equal d. Less
4. Prime cost + Factory Overheads = _____.
 a. Works cost b. Total cost c. Cost of sales d. Cost of production
5. _____ is the person for whom the Contract job is undertaken.
 a. Contractor b. Contractee c. Sub-contractor d. Job worker
6. Input is 950 units, normal loss is 10%, output is 840 units, abnormal loss is _____.
 a. 20 units b. 25 units c. 15 units d. 30 units
7. Loss on sale of Investment appears only in _____ accounts.
 a. Financial b. Cost c. Management d. Income
8. Cost of material lost or destroyed _____.
 a. is credited to the Contract Account b. is debited to the Contract Account
 c. is debited to Costing P&L Acct. d. is credited to Costing P&L Acct.
9. Overheads consists of all the following except _____.
 a. Indirect materials b. Factory utilities
 c. Direct labour d. Indirect labour
10. The Royalty Charge would be classified as a _____.
 a. Direct expense b. Production overhead
 c. Administrative overhead d. Selling overhead

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Q. 1. B. State whether the statements are true or false. (Attempt any 7 out of 10) 07

1. Need for reconciliation arises because of difference in valuation of stocks in cost and financial accounts.
2. Joint costs refer to the total costs incurred after the split Off Point.
3. If cash received is Rs. 10,00,000 being 50% of Work Certified, then value of work certified is Rs. 15,00,000.
4. Cost of Production = Works Cost + Office & Admin. Overheads.
5. Weight Loss has no scrap value.
6. Drawing office salaries is Office overheads.
7. A cost sheet and income statement both are different.
8. Goodwill written off appears only in cost accounts.
9. Contractee is a person who takes the contract.
10. A by-product has nominal sales value.

Q. 2. A. A Ltd. produces a standard product and provides you the following information for the year ending 31st March 2023. 15

| Particulars | Amount (₹) |
|-------------------------|------------|
| Raw Materials | |
| - Opening Stock | 1,00,000 |
| - Purchases | 8,45,000 |
| - Closing Stock | 40,000 |
| Custom Duty | 5,000 |
| Direct Wages | 2,00,000 |
| Chargeable Expenses | 1,00,000 |
| Haulage Charges | 10,000 |
| Loose tools written off | 20,000 |
| Works Manager's Salary | 1,65,000 |
| Cost of Rectification | 5,000 |

1. Office Overheads 10% of works overheads
2. Selling Expenses ₹ 4 per unit sold

Finished Goods:

| | |
|--------------------------|--------------------------|
| Opening Stock | 1,000 Units (₹ 1,59,920) |
| Produced during the year | 10,000 Units |
| Closing Stock | 2,000 Units |
| Profit desired on cost | 25% |

Prepare Cost Sheet showing the various elements of cost both in total and per unit and also find out total profit and per unit profit.

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- Q. 2. B. Details of Income and Expenses of Parag Ltd. for the year ended 31-12-2023 15
was as under:

| Particulars | Amount | Particulars | Amount |
|------------------------------|--------|--------------------|--------|
| To Office Expenses | 39,200 | By Gross Profit | 60,950 |
| To Selling Expenses | 23,000 | By Int. on Deposit | 2,500 |
| To Loss on Sale of Machinery | 1,250 | By Dividend | 3,450 |
| To Dep. on Machinery | 1,800 | By Net Loss | 1,850 |
| To Dep. on Building | 2,300 | | |
| To Debenture Discount | 400 | | |
| To Preliminary Expenses | 800 | | |
| | 68,750 | | 68,750 |

As compared to Cost Accounts, Office indirect expenses are 12% more in financial accounts while selling indirect expenses are 8% less.

Depreciation on machinery was over-estimated by ₹ 350, while depreciation on building was under estimated by ₹ 150.

Prepare:

1. Statement of Cost and Profit/Loss and
2. Statement showing reconciliation of profit or loss of Cost Accounts with that of Financial Accounts.

- Q. 3. A. XYZ Ltd. manufactures a chemical product which passes through three 15
processes. The cost records show the following particulars for the year
ended 30th June, 2023.

Input to I process 20,000 units @ ₹ 28 per unit.

| Particulars | Process I | Process II | Process III |
|--------------------------|-----------|------------|-------------|
| Materials (₹) | 48,620 | 1,08,259 | 1,03,345 |
| Labour (₹) | 32,865 | 84,553 | 77,180 |
| Expenses (₹) | 2,515 | 10,588 | 16,275 |
| Normal Loss (₹) | 20% | 15% | 10% |
| Scarp value per unit (₹) | 1 | 2 | 3 |
| Actual Output (Units) | 18,000 | 16,000 | 15,000 |

Prepare Process Accounts, Abnormal Loss, Abnormal Gain Account. Also show the normal process cost per unit for each process.

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Q. 3. B.

| Particulars | Process A | Process B | Process C |
|------------------------------|-----------|-----------|-----------|
| Indirect Material | 1,00,000 | 18,750 | 16,550 |
| Direct Wages | 56,250 | 35,000 | 44,900 |
| Direct Expenses | 51,250 | 6,875 | 11,500 |
| Value of Opening Stock P. U. | 25.00 | 31.00 | 40.00 |
| Scrap Value per Unit | 13.50 | 11.25 | 21.00 |
| Units | Units | Units | Units |
| Output | 9,750 | 9,625 | 8,000 |
| Stock of Process Output: | | | |
| 01-01-2021 | 1,500 | 1,375 | 2,000 |
| 31-12-2021 | 1,250 | 2,000 | 1,000 |
| Percentage of Wastage | 2.00% | 5.00% | 10.00% |

15

10,000 units of Direct Materials were introduced in Process A at the rate of ₹ 5 per unit. The % of wastage is computed on the number of units entering the process concerned.

From the above information of Anand Enterprises prepare:

1. Process Accounts
2. Process Stock Accounts and
3. Value the closing stock at the respective Process Cost.

Q. 4. A. M/s. Rajnikant and company has undertaken two contracts X and Y. The following particulars are available for the year ended 31st March, 2023. 15

| Particulars | Contract 'X' | Contract 'Y' |
|------------------------------------|-------------------|-------------------|
| Date of Commencement | 1st July 2022 (₹) | 1st Dec. 2022 (₹) |
| Contract Price | 6,00,000 | 5,00,000 |
| Materials sent to site | 1,60,000 | 60,000 |
| Materials returned | 4,000 | 2,000 |
| Closing stock of materials at site | 22,000 | 8,000 |
| Direct Labour | 1,50,000 | 42,000 |
| Direct Expenses | 66,000 | 35,000 |
| Establishment Expenses | 25,000 | 7,000 |
| Plant installed at site | 80,000 | 72,000 |
| Work Uncertified | 23,000 | 10,000 |
| Work Certified | 4,20,000 | 1,35,000 |
| Architect Fees | 2,000 | 1,000 |

During the year materials costing ₹ 9,000 have been transferred from contract X to contract Y. The contractor charges Depreciation @ 25% P.A. on Plant. You are required to prepare contract Accounts, working for profits, if any, assuming that contractee had paid 90% of the work certified.

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- Q. 4. B. The following information relates to a contract for Rs. 2,00,00,000 and for which 80% of the value in progress as certified by the architect was paid by the contractee. 15

| Particulars | I Year (₹) | II Year (₹) | III Year (₹) |
|----------------------------------|----------------------|----------------------|----------------------|
| Material Issued | 9,20,000 | 18,80,000 | 29,00,000 |
| Direct Wages | 14,00,000 | 27,00,000 | 19,00,000 |
| Direct Expenses | 1,00,000 | 1,90,000 | 2,20,000 |
| Indirect Expenses | 20,000 | 40,000 | 50,000 |
| Work Certified (Cumulative) | 45,00,000 | 1,50,00,000 | 2,00,00,000 |
| Uncertified Work | 1,00,000 | 1,00,000 | - |
| Plant Issued | 1,50,000 | - | - |
| Material on site at the year end | 50,000 | 70,000 | 1,00,000 |
| Architect's fees | 4% of work certified | 4% of work certified | 4% of work certified |

The value of plant at the end of 1st year, 2nd year and 3rd year was Rs. 1,20,000, Rs. 90,000 and Rs. 75,000 respectively. Prepare Contract Account for these years and show the calculation of profit transferred to Profit & Loss Account.

- Q. 5. A. Explain the classification of cost on the basis of elements. 08
- Q. 5. B. Importance of the Reconciliation Statements 07

OR

- Q. 5. C. Attempt (Any 3 out of 5) 15
1. Process cost
 2. Contract price
 3. Indirect cost
 4. Explain the concept of work certified and work uncertified.
 5. Meaning of Normal Loss, Wastages & Scrap.

*****END*****